

5/023/080

ATLAS MINING COMPANY

- Incorporated 1924 -

Mining, Natural Resource & Land
Development

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Symbol: ALMI

September 29, 2004

Mr. Tom Munson
Department of Natural Resources
State of Utah
P O Box 145801
Salt Lake City, Utah 84114-5801

Dear Tom:

As a follow-up to our meeting on September 22, regarding your recent visit to the Dragon Mine in Juab County, we have reviewed the maps you provided us depicting the area of disturbance. I have a tendency to agree with you that much of the disturbance was simply the moving of previously deposited material from previous operations in the pit area. However, to keep the area of disturbance below the five acre requirement we would like to reclaim some of the western edges. Since the area has very little vegetation and what does exist is scattered at best, would you give us some instruction as to methods you would prefer to reclaim this part?

You also explained that we would be asked to put up a bond of some nature to reclaim the portal, and to excavate the concrete foundations we have installed. As I have indicated in our meeting, we are very sincere about cooperating with you and the Department. Your willingness to help us in our efforts to date is much appreciated. We discussed that if we should ever leave this property, we would take the steel building and equipment with us. The resale value of the building would more than cover any disassembling costs. I asked my operation manager to give us some detail on a reclamation thought for these items. His first indication is that we refill the portal with the concrete materials and waste material we have available. The adit goes straight in for about 30 feet then dips downward at 15%. We would start the filling the portal at about 40 to 50 feet and bring the fill back to the portal. There is no water drainage to worry about and the main concern we feel would be to insure a safe area inaccessible by trespassers. His estimates are below:

Remove foundation and slab:

One week - 2 men	80 hours @ \$30/hr.	=	\$2,400.
One LHD machine	80 hours @ \$15/hr.	=	\$1,200.

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Tom Munson
Department of Natural Resources

Backfill Portal:

One week – 2 men	80 hours @ \$30/hr.	=	\$2,400.
One LHD machine	80 hours @ \$15/hr.	=	\$1,200.

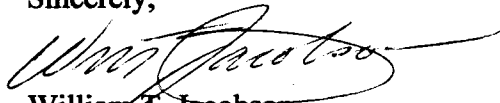
Level any areas needed and reseed if necessary:

40 hours @ \$30/hr.	=	\$1,200.
20 hours @ \$15/hr.	=	<u>\$ 300.</u>

Total estimated cost: \$8,700.

We hope this information will help you in your calculations of the bonding needs. You are very welcome to discuss our thoughts regarding these estimates with me or Ron Short, our operation manager.

Sincerely,



William T. Jacobson
President